

The AT&T Mobility division of AT&T Inc. was formed through several prior wireless company consolidations. In October 2004, AT&T Wireless Services (an independent company since 2001) merged with Cingular Wireless (a joint venture of SBC and Bell South, predecessor companies of the current AT&T). Following the 2006 merger of SBC/AT&T Corp. with Bell South, the Cingular brand was retired and the wireless operation became known as AT&T Mobility, a division of AT&T Inc. Two other notable acquisitions followed. In November 2007, AT&T acquired Dobson Communications; and in November 2009, AT&T completed its acquisition of Centennial Communications.³ Of these transactions, the AT&T Wireless-Cingular transaction was the most substantial, involving the merger of companies with 31,000 and 39,000 employees respectively. When Dobson was acquired, it employed approximately 2,500 workers; Centennial's headcount was approximately 2,900 prior to the close of that transaction.

These transactions – and particularly the AT&T Wireless-Cingular transaction, given its size – offer historical evidence that can inform predictions about the impact on jobs of the pending AT&T/T-Mobile acquisition. The patterns in these cases mirror the larger trend within AT&T Inc. itself: steadily decreasing headcount in the months and years following the company's acquisitions of and mergers with competing wireless and wireline companies. As Free Press and others have previously told the Commission, over the past decade AT&T has acquired firms with more than 180,000 employees, yet has incurred a net job loss of well above 100,000 workers.⁴

In its Nov. 8 letter and attached paper to the FCC, CWA critiques this approach as "sloppy," saying "Opponents inappropriately use a decline in AT&T wireline jobs to impute a decline in wireless jobs. ... The opponents should get the facts straight and analyze the impact of AT&T's wireless mergers on AT&T's wireless employment."⁵ This is a disingenuous (and as we see below, ultimately meaningless) critique.

First, AT&T does not publicly disclose its wireline or wireless division employment figures.

In its annual SEC filings, AT&T only reports total company employment. Thus there is no way for analysts to use publicly disclosed information to distinguish between wireline and wireless employment. In the absence of such information, it is completely appropriate to consider what AT&T's company-wide employment levels were as it completed both wireless and wireline acquisitions. More importantly, this critique is baseless because as CWA and AT&T both note, AT&T has in the past softened the blow of mergers on workers by offering those in redundant positions employment elsewhere in the wider company. As we explain in detail below, because this approach has been paired with a reliance on attrition, analyzing total company employment is the best method to account fully for the impact of these past mergers.

In that Nov. 8 letter, however, using information obtained from AT&T, CWA told the Commission: "In 2002, there were 70,000 employees at AT&T Mobility and its predecessor companies. Since then, AT&T merged with Cingular, Dobson and Centennial. Today, there are 67,000 employees at AT&T Mobility." This is the first public disclosure of the size of the domestic AT&T Mobility workforce. But it is very curious that CWA chose 2002 as the base year for this comparison, and not 2003. The

AT&T Wireless Services-Cingular merger closed in October 2004. Therefore, the appropriate time for the baseline comparison would be a date as close as possible to and just before the closing date. Since these companies only disclosed employment figures in annual reports, CWA should have chosen 2003, not 2002, as the base year for the comparison.

If we examine the full set of employment figures, we see that at the end of 2003 there were approximately 76,000 employees at the companies that comprise the current AT&T Mobility. Thus, during the relevant 2003 to 2011 period, when annual wireless capital spending by AT&T Mobility (and its predecessor companies) increased by nearly \$4 billion, the company still managed to shed nearly 9,000 jobs (see Figure 1). This is quite different from the 70,000 mobility workers in 2002 cited by CWA. So while CWA calls the data presentations of merger opponents "sloppy," we see in fact that CWA's own presentation is misleading in a way that is most favorable to its rhetorical conclusions, as it grossly understates the total job loss in AT&T's mobility division.

The data in Figure 1 also reveals the impact of AT&T's wireless mergers on wireless employment, addressing CWA's methodology complaint. On Dec. 31, 2003, AT&T Wireless Services and Cingular had a total combined workforce of 70,400 employees. Three months after these companies merged in October 2004 Cingular reported 70,300 workers. But by December 31, 2005, the new Cingular had shed more than 6,000 jobs.

In other words, in the years prior to the transaction Cingular had been adding jobs; but within 15 months of completing the merger, nearly 10 percent of the jobs had disappeared. It is also noteworthy that these 6,000-plus jobs were lost during a period when the company's annual capital investments increased by more than \$2.4 billion. This highlights the inherent problems with the underlying methodology for AT&T and CWA's misleading "96,000 jobs" claim (see below for further discussion).